



OFFICE OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

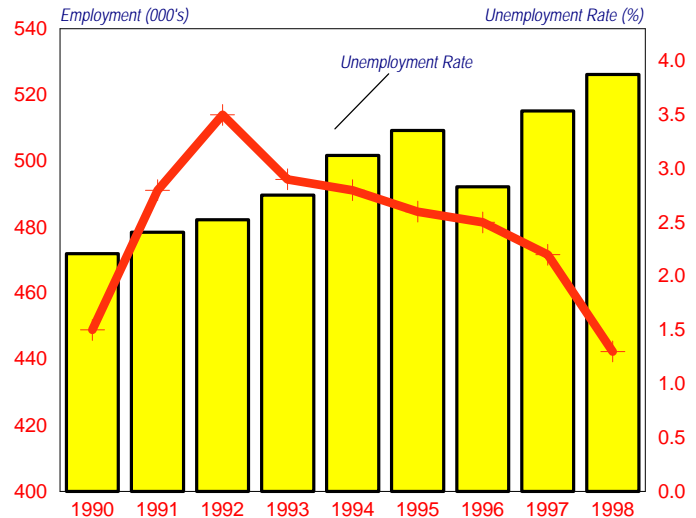
Publication 75

JUNE 1998

JUNE HIGHLIGHTS

- ❑ The County's unemployment rate continued to decline in April, dropping to 1.3 percent, according to data reported by the Virginia Employment Commission.
- ❑ June Sales Tax receipts in Fairfax County, representing retail sales in April, experienced a significant 10.5 percent increase.
- ❑ National retail sales also increased significantly, rising 7.0 percent in April, relative to last year.
- ❑ Issues of new residential dwelling permits increased modestly in May, following the slight decline in April.
- ❑ In April, the volume of existing homes sold continued to increase significantly, while the median selling prices of existing homes sold in the County increased only modestly from 1997 established levels.
- ❑ The sales volume of new single family and condominium sales in the County through April continue to be significantly below that of last year, along with slight declines in the sales prices of these types of homes. In contrast, new townhomes have experienced slight increases in both the sales volume and sales price.
- ❑ The Fairfax County Coincident Index gained 0.13 points and the Leading Index gained 1.01 points, its greatest increase since the Leading Index was first calculated.

RESIDENTIAL EMPLOYMENT- APRIL



Source: Virginia Employment Commission
Compiled by the Fairfax County Office of Management and Budget

County's unemployment rate declines for third consecutive month...

The County's unemployment rate declined once again in April for the third consecutive month, decreasing by 0.3 points to 1.3 percent from 1.6 percent registered in March, according to the Virginia Employment Commission (VEC). This rate is significantly below that of one year ago, when the unemployment rate was 2.2 percent. Continued low unemployment reflects the strength of the Northern Virginia economy and is also an indicator of a tight labor market. The VEC also reported that 526,180 Fairfax County residents were employed in April; up 8.1 percent, or 39,626 jobs, over the prior year.

The unemployment rate declined for both the State and nation...

The Commonwealth's unemployment rate continued its decline of the past few months, dropping 0.7 points to 2.5 percent in April, from the 3.2 percent registered in March, and significantly below that of one year ago, when the unemployment rate was 3.8 percent. The unemployment rate decreased on the national level also, by 0.4 points to 4.3 from 4.7 percent.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

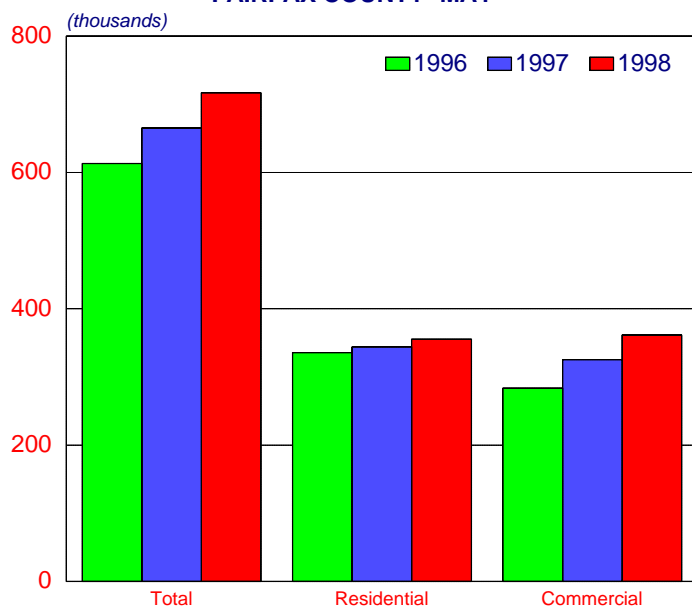
<http://www.co.fairfax.va.us/comm/economic/economic.htm>



These low unemployment rates on local, state and national levels, reflect the strength of the economy on all levels and make it difficult for businesses to obtain qualified personnel. The sustained low unemployment rate may constrain future economic growth as the productivity of companies, particularly in the high tech industry, is limited due to positions that cannot be filled.



BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY -MAY



Source: Bell Atlantic
Compiled by the Fairfax County Office of Management and Budget

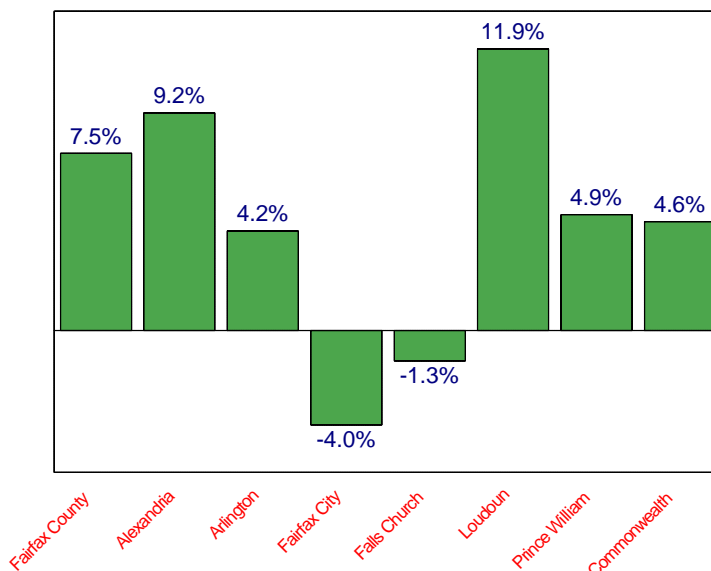
Expansion in business lines is moderating...

As of May 31, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 716,687 telephone lines, up 43,946 lines, or 6.5 percent, over May 1997. Through May 1998, the business sector added 33,262 telephone lines over the past 12 months for a total of 361,405 lines. This increase reflects a growth rate of 10.1 percent, and is one of the lowest growth rates since December 1995. Residential telephone lines totaled 355,282 in May 1998, an increase of 10,684 lines, or 3.1 percent, over May 1997.

Fairfax County Sales Tax receipts up significantly...

Fairfax County's June Sales Tax receipts, representing retail purchases made in April, were \$9.5 million, up 10.5 percent over the same period last year. To date, FY 1998 Sales Tax receipts total \$96.7 million and lead the prior fiscal year by a 7.5 percent margin.

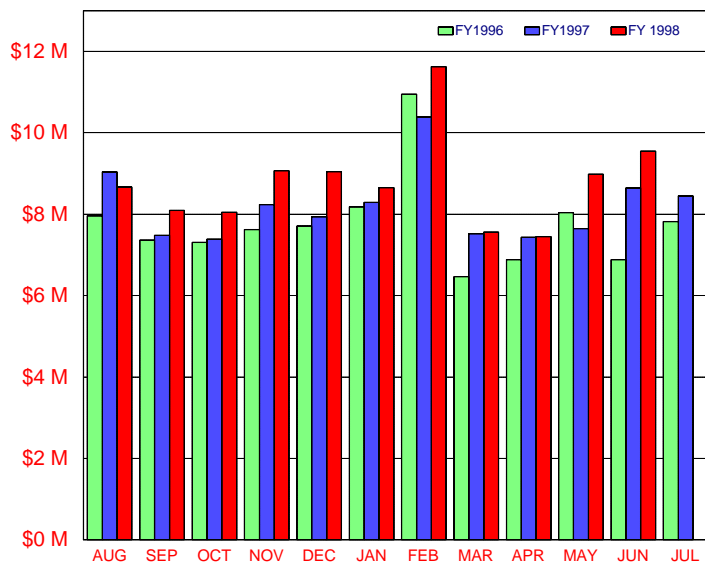
FY 1998 SALES TAX RECEIPTS - THROUGH JUNE



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

SALES TAX REVENUES

(revenues represent retail sales two months prior)



Source: Virginia Department of Taxation
Compiled by the Fairfax County Office of Management and Budget

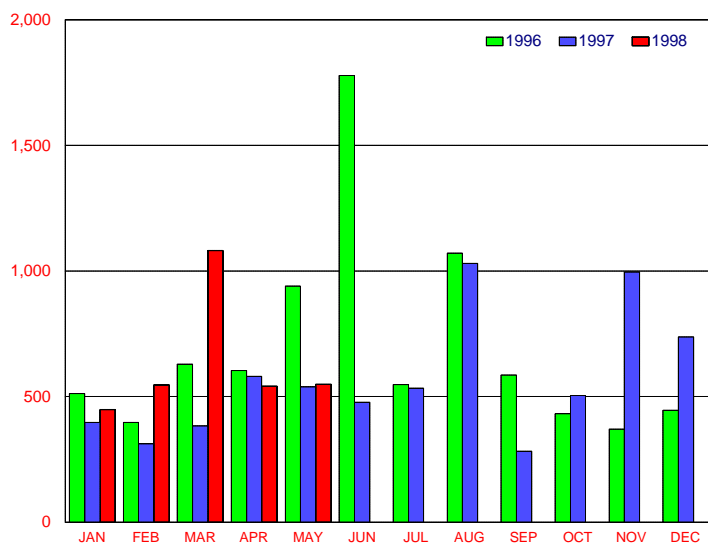
Sales Tax collections up for all local jurisdictions except one...

Relative to last year, sales of taxable retail goods in April were up in all local jurisdictions except one, ranging from an increase of 17.9 percent in Loudoun County to a decrease of 7.9 percent in Falls Church. Through June, FY 1998 Sales Tax collections are up 11.9 percent in Loudoun County, 9.2 percent in Alexandria, 4.9 percent in Prince William County, and 4.2 percent in Arlington. In contrast, cumulative fiscal year Sales Tax receipts in Falls Church and Fairfax City now trail FY 1997 by 1.3 percent and 4.0 percent, respectively, continuing the trend of the prior month. Retail sales in the Commonwealth increased 7.8 percent in June, and leads FY 1997 sales by 4.6 percent.

National retail sales gained by 7.0 percent over prior year...

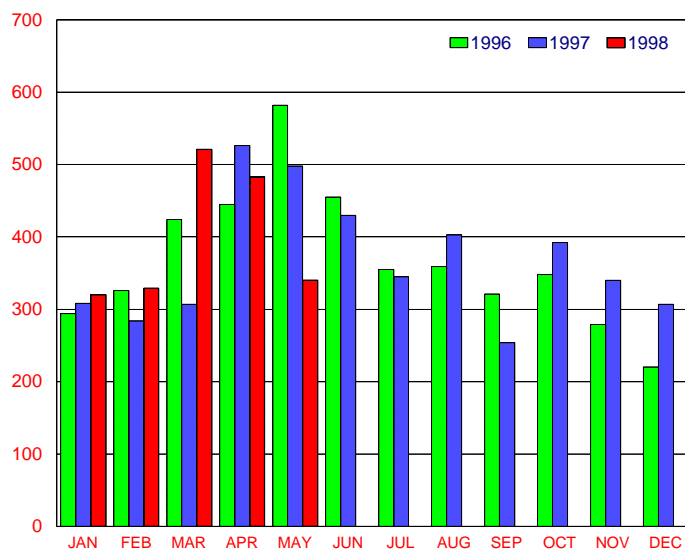
April retail sales on the national level increased a significant 7.0 percent from April 1997, according to the Commerce Department. Durable goods sales posted an advance of 7.8 percent, with the Building Materials component increasing 18.2 percent in April. Non-durable goods increased 6.4 percent in April with advances of 13.4 percent and 5.4 percent in general merchandise and food stores respectively, offsetting a decline in gasoline service station sales.

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW DWELLINGS



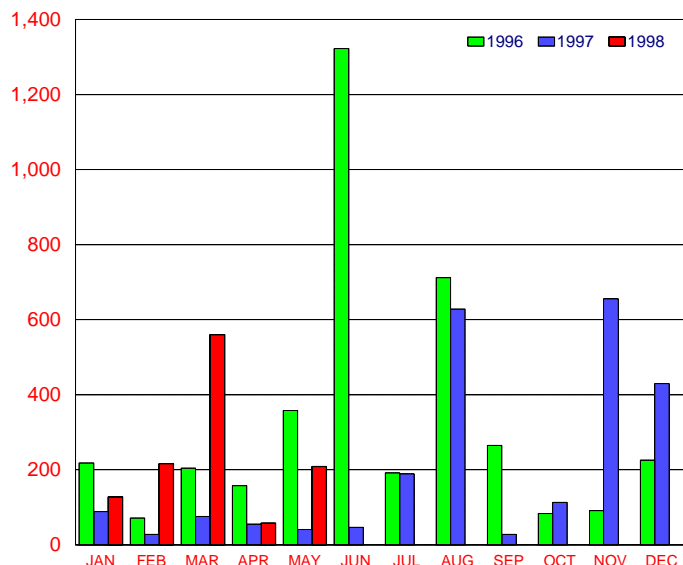
Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW MULTIFAMILY DWELLING



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

The number of new residential dwelling permits issued increased modestly...

Issues of new residential dwelling permits increased a modest 1.9 percent in May 1998, as compared to the prior year, after a slight decline in April. To date, 3,165 permits have been issued through May 1998 by the County. This level reflects an increase of 43.1 percent, or 953 permits, over the 1997 total through May of 2,212 permits. Permit issues for multifamily structures totaled 1,172 through May, up significantly by 305.5 percent, or 883 permits. In contrast, permit issues for single family structures totaled 1,993 through May, a more moderate increase of 3.6 percent, or 70 permits, relative to last year.

The number of residential repair and alteration permit issues declined...

Conversely, residential repair and alteration permit issues totaled 5,647 through May, continuing the decline of the prior month. This is a decrease of 6.2 percent, or 376 permits, relative to last year.

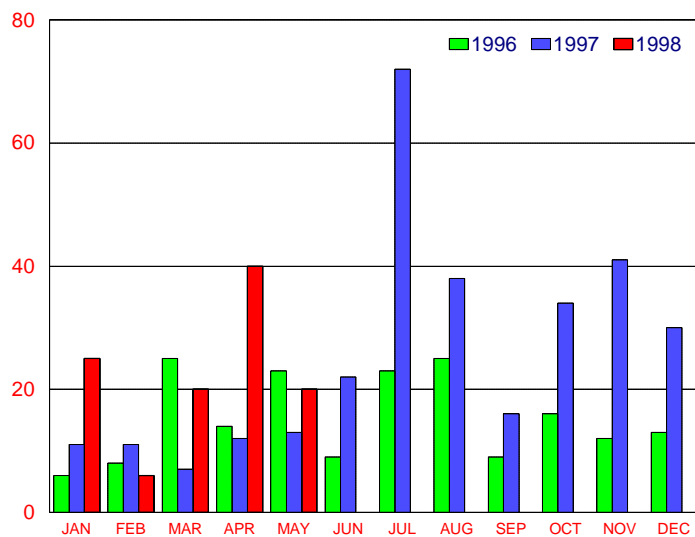
Housing starts up nationally...

Nationally, through May 1998, new privately-owned housing starts were up 6.4 percent relative to 1997, according to the Commerce Department. Regionally, housing starts were up 9.2 percent in the Midwest, 7.7 percent in the Northeast, 6.7 percent in the South, and 3.4 percent in the West.

The number of residential building permits issued nationally up also...

The Commerce Department also reported that the number of residential building permits issued nationwide through May 1998 increased by 9.2 percent over 1997 for comparable period and was positive for all four regions. Specifically, residential building permits issues were up 11.9 percent in the South, and 10.0 percent in the West, 5.9 percent in the Midwest, and 1.4 percent in the Northeast.

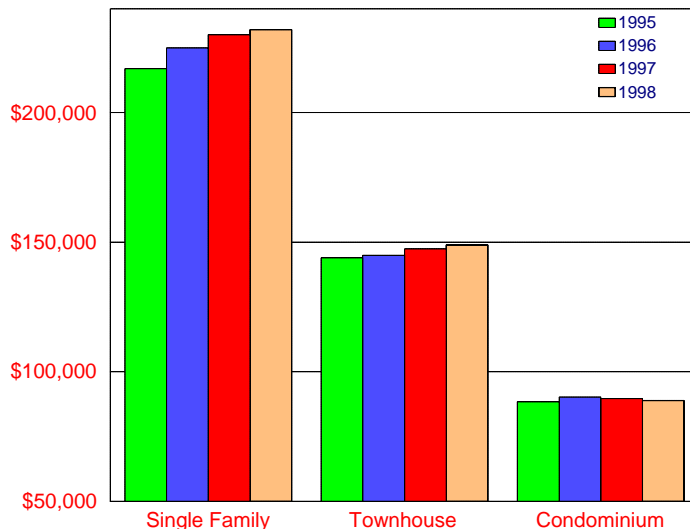
NUMBER OF NONRESIDENTIAL BUILDING PERMITS NEW STRUCTURES



Source: Department of Environmental Management
Compiled by the Fairfax County Office of Management and Budget

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY-APRIL 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

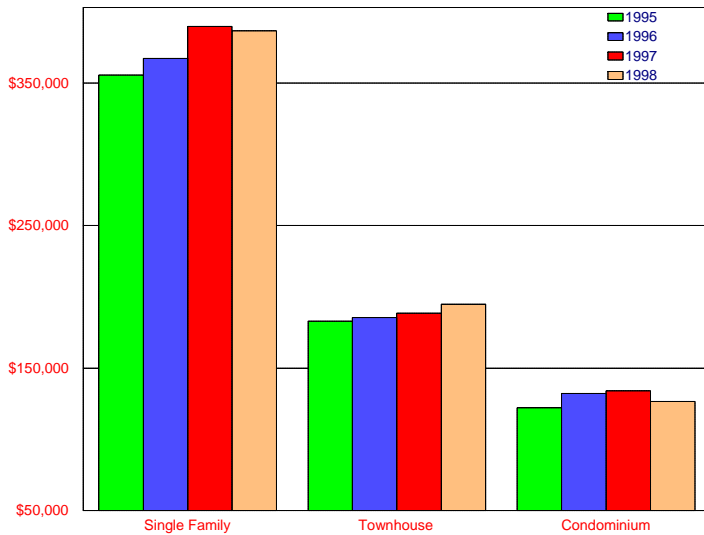
The number of nonresidential building permits issued by the County increased 53.9 percent in April...

The number of nonresidential building permits issued in May 1998 in the County increased by seven permits, or 53.9 percent, relative to last year. However, the 111 nonresidential permits issued through May 1998 represent an increase of 105.6 percent, or 57 additional permits, as compared to last year. Conversely, issues of nonresidential repair and alteration permits through May 1998 declined moderately from the prior year, decreasing by 2.3 percent, or 38 permits.

Median selling prices of existing homes remains flat...

Based on sales data through April, the median selling prices of existing homes, in all categories, is essentially flat. To date, the median selling price of existing single family homes sold through April 1998 is \$232,000, an increase of only \$2,000 or 0.9 percent over 1997's median selling price of \$230,000. The median selling price of existing townhomes has also increased slightly, by \$1,500, or 1.0 percent, to \$148,900, over the level of \$147,500 in 1997. In contrast, the median selling price of existing condominiums through April 1998 continued to decline, with a decrease of \$625, or 0.7 percent, to \$89,000, compared with \$89,625 established in 1997.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY-APRIL 1998 COMPARED
TO ANNUAL MEDIAN PRICES 1995 - 1997**



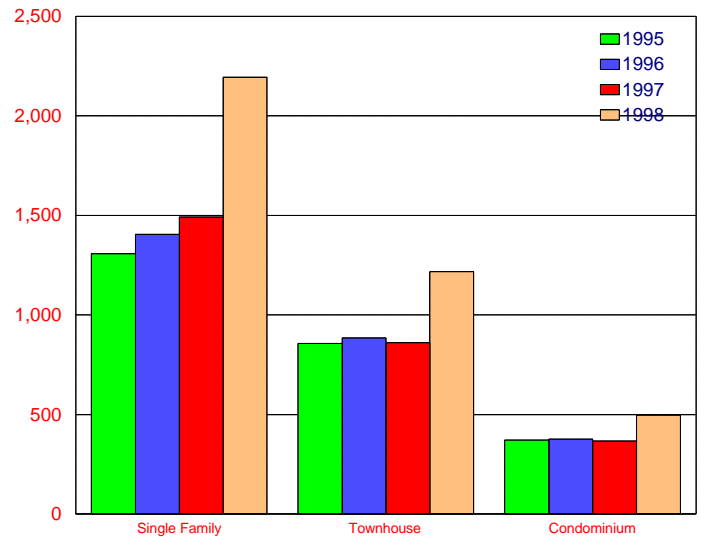
Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

Sales prices of new single family and condominiums still down...

Sales data through April for new single family homes and condominiums continue to be down, while the median sales price

of new townhomes is up modestly. The median selling price of new single family homes decreased slightly, by 0.8 percent through April to \$386,530 from the \$389,747 established in 1997. Also, the median selling price for new condominiums through April was \$126,525, a decrease of 5.6 percent from the \$134,038 reflected in 1997. In contrast, the median selling price of new townhomes for this period in 1998 gained modestly, increasing by 3.4 percent to \$194,950, over the \$188,481 registered in 1997.

**NUMBER OF EXISTING HOMES SOLD
JANUARY - APRIL 1995 - 1998**



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

The number of existing homes sold increased by 50.9 percent in April...

In April, 1,358 existing homes of all types were sold, an increase of 458 units, or 50.9 percent, compared to April 1997. This increase in the sales

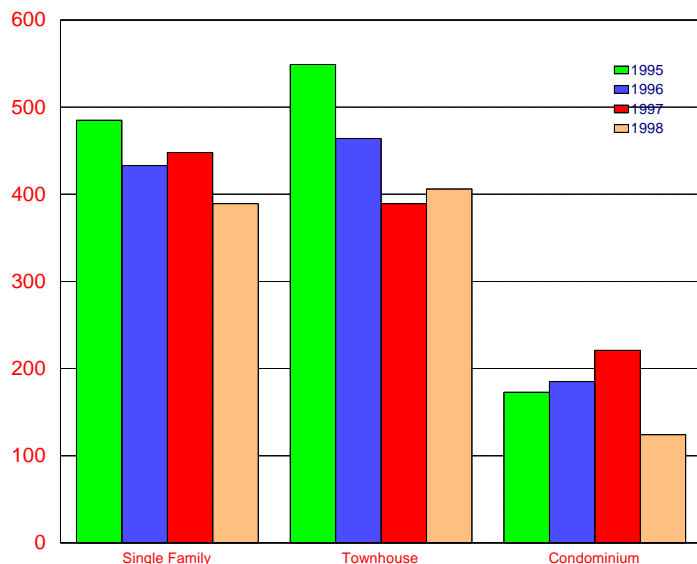
volume of existing homes adds to the significant lead over last year. Through April, 2,195 existing single family homes were sold, up 47.0 percent, or 702 homes, over the level registered for the same time period in 1997. Sales of existing townhomes totaled 1,217 units through April 1998, up 41.5 percent, or 357 homes, over the same period in 1997. For this same period, 497 condominiums were sold through April 1998, an increase of 35.1 percent, or 129 units, relative to the same period last year.

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
1998 COMPARED TO 1997**

	Existing Sales	New Sales
Single Family	0.9	-0.8
Townhouse	1.0	3.4
Condominium	-0.7	-5.6

Source: Department of Tax Administration
Compiled by the Office of Management and Budget

NUMBER OF NEW HOMES SOLD JANUARY - APRIL 1995 - 1998



Source: Department of Tax Administration
Compiled by the Fairfax County Office of Management and Budget

The sales volume of all types of new homes continued to decrease...

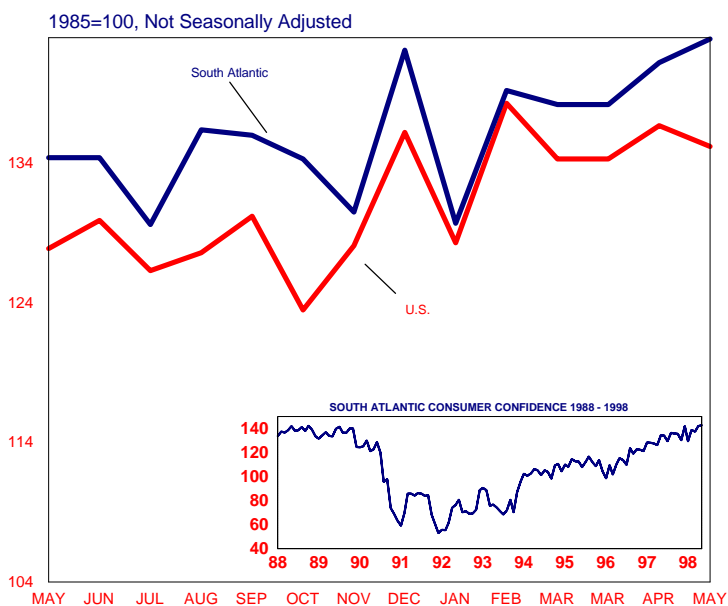
In contrast to the existing home market, the sales volumes of new homes of all types decreased 33.4 percent in April 1998, continuing the year-to-date decline in condominiums and single family homes. Condominium sales totaled 106 through April 1998, down 43.9 percent, or 97 units, relative to 1997 for the same period. The number of new single family homes sales declined once again, by 13.2 percent, or 59 homes, relative to same period last year. New townhome sales, on the other hand, continued to increase moderately through April 1998, with total sales of 406 units, or a 4.4 percent increase relative to last year.

National sales of new homes grew moderatley...

National sales of new homes through April 1998 grew moderately, increasing by 8.2 percent over the same period in 1997, with the volume of sales throughout the United States somewhat varied. Specifically, new home sales continue to be up significantly in the Midwest, increasing by 30.4 percent, while sales in the West and South reflect more modest growth of 5.3 percent and 3.9 percent, respectively. New home sales in the Northeast, however, declined 6.5 percent during the first four months of 1998.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



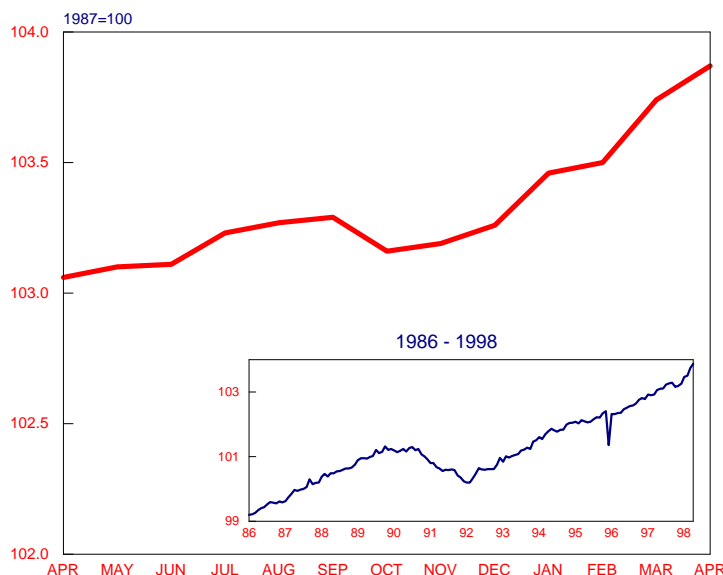
Source: Conference Board
Compiled by the Fairfax County Office of Management and Budget

South Atlantic Consumer Confidence Index increased ...

The Conference Board's South Atlantic Consumer Confidence Index continued to increase in May, rising a slight 0.7 points to 142.9. In contrast, the national Consumer Confidence Index, which had increased in April, declined moderately in May, decreasing by 2.0 points to 135.2.

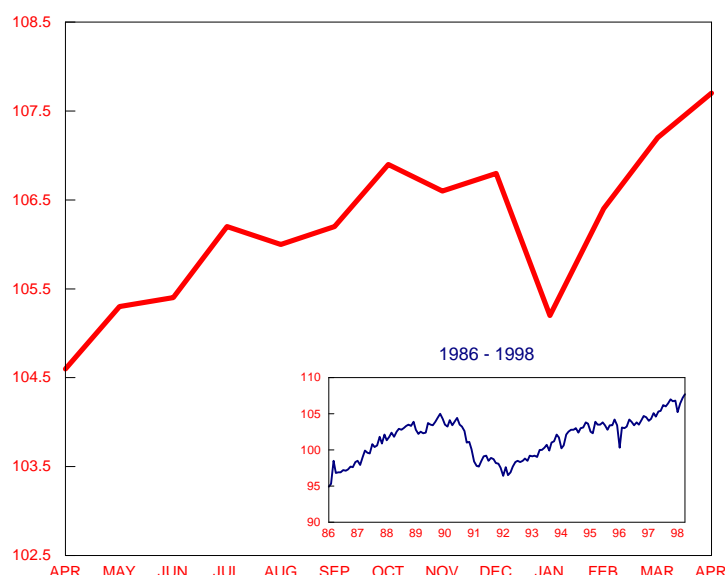
The following section includes a discussion of economic indices for two different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

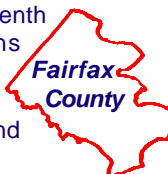
METROPOLITAN COINCIDENT INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

The Fairfax County Coincident Index gained for the sixth month...

The Fairfax County Coincident Index, which represents the current state of the County's economy, increased to 103.87, gaining 0.13 points and continued its positive trend of the past few months. April represents the sixth consecutive month that the Coincident Index has been positive. Once again, for the second month, all four of the Index's components contributed to its gain. Total employment, adjusted for seasonal variation, rose for the seventh month; Transient Occupancy Tax collections increased for the sixth month; Consumer Confidence increased for a third month; and Sales Tax receipts, adjusted for seasonal variation and inflation, increased for a second month.



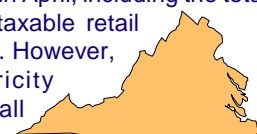
Metropolitan Coincident Index made modest gain in April...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, gained a modest 0.5 points in April, increasing to 107.7. The Index is now 3.1 points above its 1997 level for the same period. Relatively modest gains were posted in all categories which include consumer confidence, National Airport domestic passenger volume, total wage and salary employment and non-durable goods retail sales.

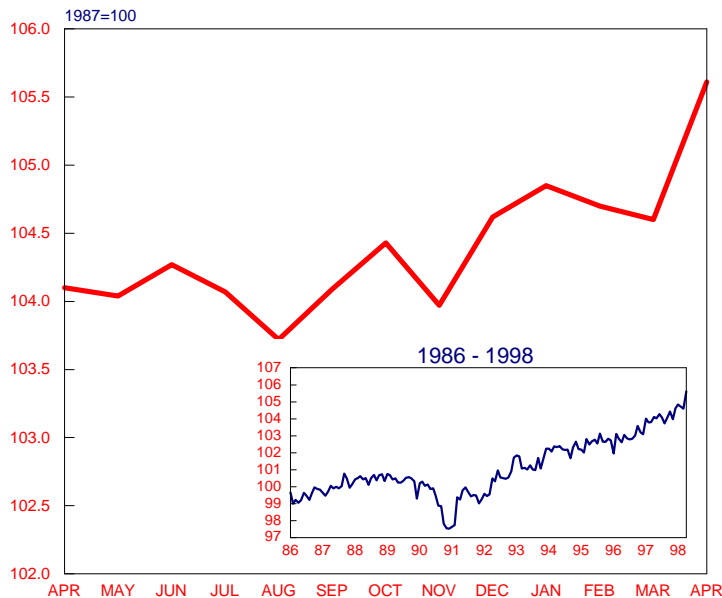


The Virginia Coincident Index gained also...

Crestar Bank's Virginia Coincident Index gained 0.4 points, increasing to 155.7 in April 1998, from the 155.3 registered in March 1998, and is significantly higher than one year ago, when the index was at 150.3. Three of the Index's six components made positive contributions in April, including the total non-farm employment composite, real taxable retail sales, and the real average hourly wage. However, manufacturing employment, electricity consumption, and real bank deposits all declined slightly.

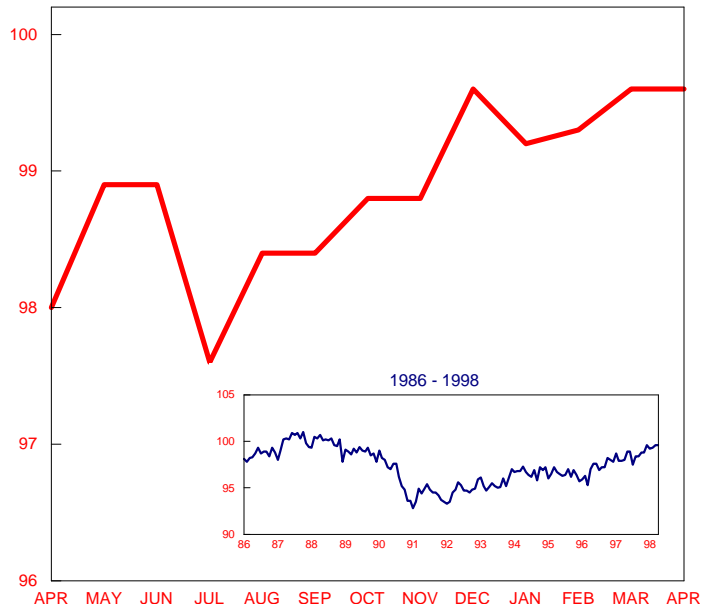


FAIRFAX COUNTY LEADING INDEX



Sources: Dr. Stephen Fuller
Fairfax County Office of Management and Budget

METROPOLITAN LEADING INDEX



Source: Economic Reporter Online
Compiled by the Fairfax County Office of Management and Budget

*The Fairfax County
Coincident Index gained
for the sixth month...*

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, gained significantly in April, increasing 1.0 point to 105.6 from 104.6 points in April. This increase is the largest one month gain the Index has experienced since it was first calculated, and has negated the slight decline of the previous two months. Four of the Index's five components made positive contributions in April. New automobile registrations increased significantly after declining for three months; the mean value of residential building permits grew for the first time in three months; initial claims for unemployment insurance decreased (improved) for the first time in three months; and, consumer expectations (consumer confidence six months hence) increased after declining in March, and is at its highest level since the 1990-1991 recession. In contrast, residential building permits declined after increasing for the prior two months.



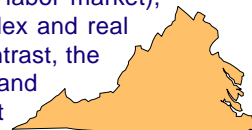
*Metropolitan Leading
Index remained flat...*

In April, the Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington metropolitan area 9 to 12 months in advance, remained constant at 99.6 points. Of the Index's five components, two made positive contributions, one remained flat, and two were negative. Both consumer expectations (six months hence) and durable goods retail sales increased modestly, whereas the help wanted index remained flat. Also for this period, initial unemployment claims decreased (improved), reflecting again the strong labor market and low unemployment rates. Lastly, total residential building permits category declined significantly, after gaining in March.



*The Virginia Leading Index
rose for the eighth
consecutive month...*

The Virginia Leading Index, produced by Crestar Bank, rose for the eighth consecutive month and continues to point toward sustained economic growth, climbing by 0.5 points to 166.7 in April, as reported by analysts at Crestar Bank. Seven of the Index's nine components were positive while two posted modest declines. Making positive contributions were initial unemployment claims, new auto registrations, residential building permits, newspaper ad lineage (which measures activity in the labor market), Virginia stock value, the US leading index and real nonresidential building contracts. In contrast, the average weekly hours in manufacturing and new business starts posted very modest negative losses.



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